

Total Estimated Burden Hours:
54,320.

Status: Reinstatement with changes.
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Dated: February 8, 1999.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4463-N-01]

Mortgage and Loan Insurance Programs Under the National Housing Act—Debenture Interest Rates

AGENCY: Office of the Assistant
Secretary for Housing—Federal Housing
Commissioner, HUD.

ACTION: Notice of change in debenture
interest rates.

SUMMARY: This notice announces
changes in the interest rates to be paid
on debentures issued with respect to a
loan or mortgage insured by the Federal
Housing Commissioner under the
provisions of the National Housing Act
(the "Act"). The interest rate for
debentures issued under section
221(g)(4) of the Act during the 6-month
period beginning January 1, 1999, is 6
percent. The interest rate for debentures
issued under any other provision of the
Act is the rate in effect on the date that
the commitment to insure the loan or
mortgage was issued, or the date that the
loan or mortgage was endorsed (or
initially endorsed if there are two or
more endorsements) for insurance,
whichever rate is higher. The interest
rate for debentures issued under these
other provisions with respect to a loan
or mortgage committed or endorsed
during the 6-month period beginning
January 1, 1999, is 5½ percent.

FOR FURTHER INFORMATION CONTACT:
James B. Mitchell, Department of
Housing and Urban Development, 451
7th Street, SW, Room 6164, Washington,
DC 20410. Telephone (202) 708-3944
extension 2612, or TDD (202) 708-4594
for hearing- or speech-impaired callers.
These are not toll-free numbers.

SUPPLEMENTARY INFORMATION: Section
224 of the National Housing Act (24
U.S.C. 1715o) provides that debentures
issued under the Act with respect to an
insured loan or mortgage (except for
debentures issued pursuant to section
221(g)(4) of the Act) will bear interest at
the rate in effect on the date the
commitment to insure the loan or
mortgage was issued, or the date the

loan or mortgage was endorsed (or
initially endorsed if there are two or
more endorsements) for insurance,
whichever rate is higher. This provision
is implemented in HUD's regulations at
24 CFR 203.405, 203.479, 207.259(e)(6),
and 220.830. Each of these regulatory
provisions states that the applicable
rates of interest will be published twice
each year as a notice in the **Federal
Register**.

Section 224 further provides that the
interest rate on these debentures will be
set from time to time by the Secretary
of HUD, with the approval of the
Secretary of the Treasury, in an amount
not in excess of the annual interest rate
determined by the Secretary of the
Treasury pursuant to a statutory formula
based on the average yield of all
outstanding marketable Treasury
obligations of maturities of 15 or more
years.

The Secretary of the Treasury (1) has
determined, in accordance with the
provisions of section 224, that the
statutory maximum interest rate for the
period beginning January 1, 1999, is 5½
percent and (2) has approved the
establishment of the debenture interest
rate by the Secretary of HUD at 5½
percent for the 6-month period
beginning January 1, 1999. This interest
rate will be the rate borne by debentures
issued with respect to any insured loan
or mortgage (except for debentures
issued pursuant to section 221(g)(4))
with an insurance commitment or
endorsement date (as applicable) within
the first 6 months of 1999.

For convenience of reference, HUD is
publishing the following chart of
debenture interest rates applicable to
mortgages committed or endorsed since
January 1, 1980:

| Effective interest rate | On or after | Prior to |
|-------------------------------|-------------------|---------------|
| 9½ | Jan. 1, 1980 ... | July 1, 1980. |
| 9⅞ | July 1, 1980 | Jan. 1, 1981. |
| 11¾ | Jan. 1, 1981 | July 1, 1981. |
| 12⅞ | July 1, 1981 | Jan. 1, 1982. |
| 12¾ | Jan. 1, 1982 | Jan. 1, 1983. |
| 10¼ | Jan. 1, 1983 | July 1, 1983. |
| 10⅜ | July 1, 1983 | Jan. 1, 1984. |
| 11½ | Jan. 1, 1984 | July 1, 1984. |
| 13⅜ | July 1, 1984 | Jan. 1, 1985. |
| 11⅝ | Jan. 1, 1985 | July 1, 1985. |
| 11⅞ | July 1, 1985 | Jan. 1, 1986. |
| 10¼ | Jan. 1, 1986 | July 1, 1986. |
| 8¼ | July 1, 1986 | Jan. 1, 1987. |
| 8 | Jan. 1, 1987 ... | July 1, 1987. |
| 9 | July 1, 1987 | Jan. 1, 1988. |
| 9⅞ | Jan. 1, 1988 ... | July 1, 1988. |
| 9⅞ | July 1, 1988 | Jan. 1, 1989. |
| 9¼ | Jan. 1, 1989 | July 1, 1989. |
| 9 | July 1, 1989 | Jan. 1, 1990. |
| 8⅞ | Jan. 1, 1990 ... | July 1, 1990. |

| Effective interest rate | On or after | Prior to |
|-------------------------------|-------------------|---------------|
| 9 | July 1, 1990 | Jan. 1, 1991. |
| 8¾ | Jan. 1, 1991 ... | July 1, 1991. |
| 8½ | July 1, 1991 | Jan. 1, 1992. |
| 8 | Jan. 1, 1992 ... | July 1, 1992. |
| 8 | July 1, 1992 | Jan. 1, 1993. |
| 7¾ | Jan. 1, 1993 ... | July 1, 1993. |
| 7 | July 1, 1993 | Jan. 1, 1994. |
| 6⅝ | Jan. 1, 1994 ... | July 1, 1994. |
| 7¾ | July 1, 1994 | Jan. 1, 1995. |
| 8⅜ | Jan. 1, 1995 ... | July 1, 1995. |
| 7¼ | July 1, 1995 | Jan. 1, 1996. |
| 6½ | Jan. 1, 1996 ... | July 1, 1996. |
| 7¼ | July 1, 1996 | Jan. 1, 1997. |
| 6¾ | Jan. 1, 1997 ... | July 1, 1997. |
| 7⅞ | July 1, 1997 | Jan. 1, 1998. |
| 6⅜ | Jan. 1, 1998 ... | July 1, 1998. |
| 6⅞ | July 1, 1998 | Jan. 1, 1999. |
| 5½ | Jan. 1, 1999 ... | July 1, 1999. |

Section 221(g)(4) of the Act provides
that debentures issued pursuant to that
paragraph (with respect to the
assignment of an insured mortgage to
the Secretary) will bear interest at the
"going Federal rate" of interest in effect
at the time the debentures are issued.
The term "going Federal rate" is defined
to mean the interest rate that the
Secretary of the Treasury determines,
pursuant to a statutory formula based on
the average yield on all outstanding
marketable Treasury obligations of 8- to
12-year maturities, for the 6-month
periods of January through June and
July through December of each year.
Section 221(g)(4) is implemented in the
HUD regulations at 24 CFR 221.790.

The Secretary of the Treasury has
determined that the interest rate to be
borne by debentures issued pursuant to
section 221(g)(4) during the 6-month
period beginning January 1, 1999, is 6
percent.

HUD expects to publish its next
notice of change in debenture interest
rates in June 1999.

The subject matter of this notice falls
within the categorical exemption from
HUD's environmental clearance
procedures set forth in 24 CFR 50.20(1).
For that reason, no environmental
finding has been prepared for this
notice.

(Sec. 211, 221, 224, National Housing Act, 12
U.S.C. 1715b, 1715l, 1715o; section 7(d),
Department of HUD Act, 42 U.S.C. 3535(d))

Dated: February 4, 1999.

William C. Apgar,

*Assistant Secretary for Housing-Federal
Housing Commissioner.*

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